

Industrial Market Snapshot

WINNIPEG, MANITOBA

Negative absorption was recorded for the third consecutive quarter as the market continues to soften after several years of strong tenant demand, low vacancy and rising rents. Year-to-date absorption is now -346,939 sq. ft., with the weakest submarkets being the West and Southwest.

Vacancy increased by 20 basis points (bps) this quarter, bringing total market vacancy to 4.2%. The highest vacancy rates continue to be found in the Northwest submarket, where vacancy increased by 70 bps and rose to 7.7%.

Despite slowing demand, average net rental rates continue to rise, increasing to \$11.86 per sq. ft., up from \$11.60 per sq. ft. in Q1 2024. The West and Southeast submarkets saw the strongest rent growth, increasing to \$11.30 per sq. ft. and \$12.43 per sq. ft., respectively.

Several projects were completed in the quarter, bringing 62,825 sq. ft. of new industrial product to the market. Another 385,300 sq. ft. is still under construction, which is expected to bring over 500,000 sq. ft. to the market by the end of 2024.

Several new industrial parks are in various stages of development in and around Winnipeg city limits and are expected to see significant new construction in the coming quarters. Notable among them is the 184-acre Keystone Industrial Park located along CentrePort Canada Way and just to the east of CentrePort Canada Rail Park, which is now under development. Also notable is Plessis Commercial Centre, which totals 200 acres and is just southeast of St. Boniface Industrial Park.

Significant transactions in the quarter include Parkit purchasing 961-975 Sherwin Road, which totals 80,000 sq. ft. across two buildings, Neptune Properties purchasing 625 Roseberry Street and leasing the 68,448 sq. ft. building to Pepsi Canada, and VAW Systems purchasing 89 Bunting Street within Inkster Industrial Park.

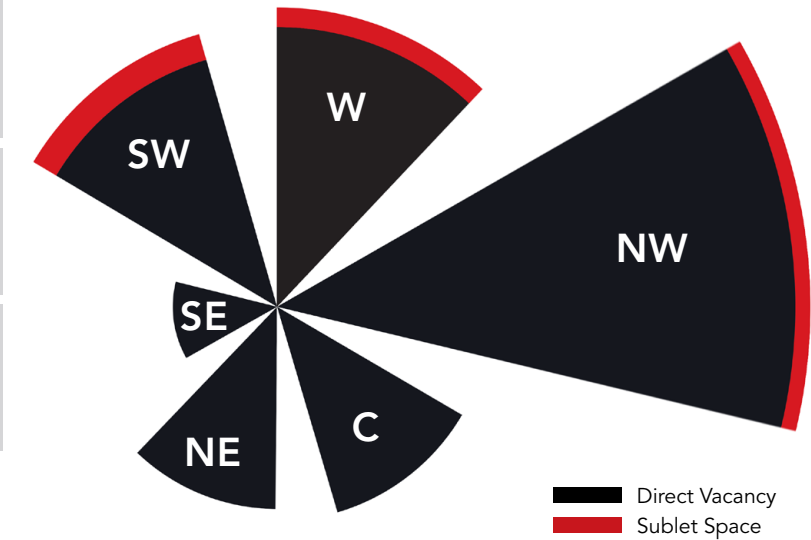
OUTLOOK

We continue to see a strong construction pipeline, bringing a steady supply of new product to the market well into 2025. This new product will continue to drive net rents and maintain a healthy supply of vacant space.

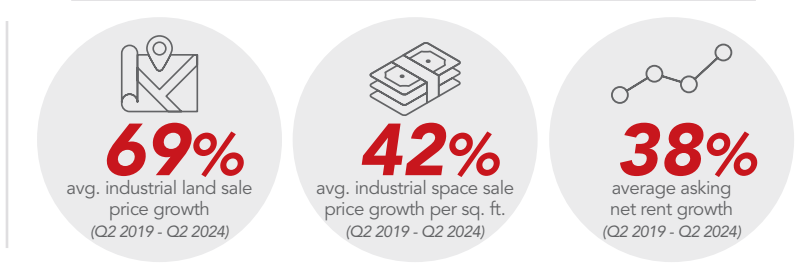
KEY MARKET INDICATORS

TOTAL INVENTORY 81.4M (sq. ft.)	MARKET VACANCY 4.2%
UNDER CONSTRUCTION 385,300 (sq. ft.)	AVG. ASKING PRICE \$207.66 (per sq. ft.)
AVG. ASKING NET RENT \$11.86 (per sq. ft.)	ABSORPTION IN THE QTR -150,193 (sq. ft.)

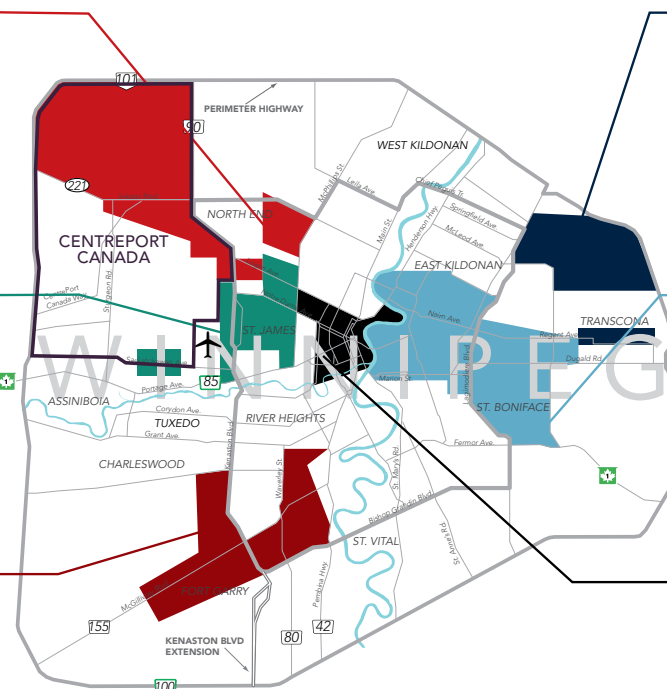
TOTAL VACANCY BY SUBMARKET



MARKET ACTIVITY



NORTHWEST		
7.7%	vacancy rate	↑
\$11.25	avg. net rent per sq. ft.	↑
\$4.44	avg. add'l rent per sq. ft.	↓
-140,281	sq. ft. of absorption	↓
WEST		
2.5%	vacancy rate	↑
\$11.30	avg. net rent per sq. ft.	↑
\$5.06	avg. add'l rent per sq. ft.	↑
101,387	sq. ft. of absorption	↑
SOUTHWEST		
5.4%	vacancy rate	↑
\$14.57	avg. net rent per sq. ft.	↓
\$5.58	avg. add'l rent per sq. ft.	↑
-125,943	sq. ft. of absorption	↓



NORTHEAST		
4.2%	vacancy rate	↑
\$13.83	avg. net rent per sq. ft.	↓
\$4.02	avg. add'l rent per sq. ft.	↓
-31,013	sq. ft. of absorption	↓
SOUTHEAST		
2.4%	vacancy rate	↓
\$12.43	avg. net rent per sq. ft.	↑
\$5.24	avg. add'l rent per sq. ft.	↓
36,004	sq. ft. of absorption	↓
CENTRAL		
4.0%	vacancy rate	↓
\$8.18	avg. net rent per sq. ft.	↓
\$3.24	avg. add'l rent per sq. ft.	↓
9,635	sq. ft. of absorption	↑

HISTORICAL AVAILABILITY VS ABSORPTION & NEW SUPPLY

